

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 SSO-00 CAB-02 CIAE-00
COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03
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APPROVED BY EB/OA:MHSTYLES
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-----252157Z 114204 /75-70

O 252111Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY PRAGUE IMMEDIATE

C O N F I D E N T I A L STATE 092820

E.O. 11652: GDS

TAGS: EAIR

SUBJECT: CIVAIR: PAN AM OPERATING PERMIT/EXTENSION OF
AGREEMENT

REF: A) STATE 087745, B) STATE 042647

1. DEPARTMENT HAS RECEIVED REPORT FROM PAN AM THAT CZECHS
HAVE ISSUED PAN AM AMENDED OPERATING PERMIT INCLUDING
DAMASCUS AS REQUESTED REF B BUT WITHOUT TRAFFIC RIGHTS ON
PRAGUE-DAMASCUS SECTOR.

2. FIRST FLIGHT IN NEW PAN AM SERVICE PATTERN SCHEDULED
TO BEGIN APRIL 24 INAUGURATING PRAGUE-DAMASCUS SERVICE
WAS CANCELED BECAUSE OF CZECH AND SYRIAN DENIALS OF TRAFFIC
RIGHTS. FYI: CSA AND SYRIAN ARAB AIRLINES HAVE A POOLING
ARRANGEMENT ON THIS SECTOR. END FYI. PAN AM AND DEPART-
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MENT CAN SEE NO JUSTIFICATION FOR FAILURE TO GRANT TRAFFIC
RIGHTS ON THIS SECTOR, WHICH WILL ONLY marginally IMPROVE
PAN AM'S REVENUES AND WILL CERTAINLY NOT JEOPARDIZE CSA
POSITION UNDER THE BILATERAL AGREEMENT. PAN AM REPORTS
THAT CZECHS HAVE INDICATED THAT THEY ARE RELUCTANT TO
APPROVE TRAFFIC RIGHTS ON AN ADDITIONAL BEYOND POINT FOR
PAN AM AND HAVE SUGGESTED THAT PAN AM DROP PAKISTAN FROM

THE LIST OF COUNTRIES AVAILABLE AS BEYOND POINTS BETWEEN

CZECHOSLOVAKIA AND INDIA AND SUBSTITUTE SYRIA. GIVEN THE UNFAVORABLE BALANCE OF BENEFITS AND THE MARGINAL IMPACT OF ADDING SYRIA, DEPARTMENT BELIEVES THIS TRADE-OFF SHOULD BE RESISTED. IF RAISED BY GOC, EMBASSY SHOULD RESPOND NEGATIVELY. FYI: HOWEVER, IF OTHER ELEMENTS OF PACKAGE ACCEPTED BY GOC, WE COULD CONSIDER A FORMULATION OF ADDING SYRIA TO ROUTE BUT PROVIDING THAT PAKISTAN WOULD NOT BE SERVED AS A BEYOND POINT WHEN SYRIA IS BEING SERVED. END FYI.

3. EMBASSY REQUESTED TO VERIFY ABOVE, AND, IF TRUE, URGE CZECH GOVERNMENT TO RECONSIDER AMENDED PERMIT. ON BASIS OF SEVERE IMBALANCE IN BENEFITS IN CZECH FAVOR, USG HAS ESPOUSED QUOTA REGIME NEGOTIATED BY PAN AM AND CSA. WE CAN SEE NO ECONOMIC JUSTIFICATION FOR DENIAL OF TRAFFIC RIGHTS TO PAN AM ON PRAGUE-DAMASCUS SECTOR AND BELIEVE THAT REVENUE EFFECT WILL BE MINIMAL. EMBASSY SHOULD STRESS URGENCY OF RAPID RESOLUTION OF THIS MATTER AS PAN AM HAS ALREADY BEEN INCONVENIENCED BY DENIAL OF RIGHTS AND HAS POSTPONED START OF SERVICE.

4. PAN AM PRAGUE REP FURTHER REPORTS THAT GOC HAS NO DIFFICULTY WITH EXTENSION OF BILATERAL AIR TRANSPORT AGREEMENT BUT IS RELUCTANT TO APPROVE PROVISION IN US NOTE (REF B) PROVIDING THAT IN EVENT OF UNSATISFACTORY PERFORMANCE OF CZECHS ON QUOTA, THE USG WOULD HAVE OPTION TO CALL FOR CONSULTATIONS, AND, IF THESE FAIL TO RESULT CONFIDENTIAL

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IN SETTLEMENT OF DIFFERENCES, USG COULD THEN TERMINATE AGREEMENT WITHIN 60 DAYS. CZECHS REPORTEDLY BALK AT NEW 60 DAY TERMINATION PROVISIONS BECAUSE PRESENT TERMINATION PROVISION UNDER AGREEMENT IS FOR SIX MONTHS NOTICE. CZECHS REPORTEDLY REGARD INTRODUCTION OF NEW 60 DAY PROVISION AS MAJOR AMENDMENT TO THE AGREEMENT NECESSITATING CHANGE IN BASIC TEXT.

5. IF THE ABOVE POSITION IS CORRECT, EMBASSY SHOULD ADMONISH CZECH GOVERNMENT THAT THE MATTER OF EXTENDING THE AGREEMENT HAS BEEN OUTSTANDING TOO LONG. IT SHOULD BE EMPHASIZED TO CZECHS THAT THE 60 DAY TERMINATION PROCEDURE WILL APPLY ONLY IN THE UNLIKELY EVENT THE QUOTA IS NOT MET. IN ALL OTHER CIRCUMSTANCES, THE SIX MONTH TERMINATION PROVISION WILL APPLY. FROM THE USG'S POINT OF VIEW, THE PAN AM/CSA QUOTA REQUIRES A NEW TERMINATION PROCEDURE. HOWEVER, WE SEE NO NEED TO REVISE THE LANGUAGE OF THE ORIGINAL AGREEMENT WHICH MAY REMAIN AS WRITTEN SUPPLEMENTED WITH RESPECT TO THE NEW QUOTA BY THE 60 DAY

TERMINATION PROCEDURE.

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 25-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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Executive Order: GS
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